

AR25

FRUEHAUF

Annual Report 1977



THE COMING YEAR



1978 is our 50th year in Canada. We commenced operations under a Canada charter on November 9, 1928. To celebrate the occasion we designed the two Fruehauf flags pictured above. The flags as shown here are being flown at all of our locations in Canada throughout the entire year of 1978.

FINANCIAL HIGHLIGHTS

	<u>1977</u>	<u>1976</u>
Net Sales	\$58,657,252	\$40,872,708
Earnings before Taxes on Income (and Extraordinary Gain 1977)	6,773,850	5,488,035
Per cent to Sales	11.5	13.4
Net Earnings (before Extraordinary Gain 1977)	4,012,500	2,993,035
Per cent to Sales	6.8	7.3
Extraordinary Gain Net of Taxes	407,051	—
Net Earnings	4,419,551	2,993,035
Net Earnings per Share (before Extraordinary Gain)	1.48	1.11
Net Earnings per Share	1.63	1.11
Dividends per Share	.42½	.40
Net Assets (Book Value) per Share	14.59	13.38
Total Assets	46,574,491	44,496,305
Working Capital	34,725,033	31,108,456
Number of Shareholders	428	425
Number of Employees	779	792

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Shareholders of the Fruehauf Trailer Company of Canada Limited will be held on Friday, April 21, 1978, at 2:30 p.m. (Toronto time) in the Board Room of National Trust Company Limited, 3rd floor, 21 King Street East, Toronto, Ontario.

Proxies will be solicited from Shareholders when the Notice of Annual Meeting and Proxy Statements are mailed on or about March 30, 1978.

Head Office:

Fruehauf Trailer Company of
Canada Limited
2450 Stanfield Road
Mississauga, Ontario L4Y 1S3

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REPORT ON OPERATIONS — 1977

To Our Shareholders:

The 1977 year exceeded original expectations in both sales and earnings. Total sales were \$58,657,252, an increase of 43% over the 1976 year. Net earnings of \$4,419,551, including an extraordinary gain, were up 47% over the preceding year. Current earnings represent \$1.63 per share in total, \$1.48 per share exclusive of the nonrecurring gain and compare to \$1.11 per share earned in 1976.

Extraordinary Gain

During the year a settlement was achieved on a land expropriation which took place in mid 1973. A gain of \$411,701 was realized on the property acquired by Fruehauf in 1956. As the expropriation took place shortly after capital gains valuation day, only a small portion of the gain was subject to capital gains tax. After a tax of \$4,650 a net nonrecurring gain of \$407,051 resulted.

Dividends to Shareholders

During the year semi-annual dividend payments were made. The first payment, 20 cents per share, was paid March 28, 1977 following the results of the second half of 1976. The second payment, an increase of 12-1/2% to 22-1/2 cents, was paid September 23, 1977 based on results of the first half of the current year. On February 27, 1978, based on final results of 1977 a further dividend of 22-1/2 cents has been declared.

This dividend is payable March 28, 1978 to all shareholders of record as of March 7, 1978.

Operation Highlights

The year gained momentum as it progressed and as such provided a constant rate of production at a relatively strong level. Thus we gained considerable benefit in the absorption of fixed costs.

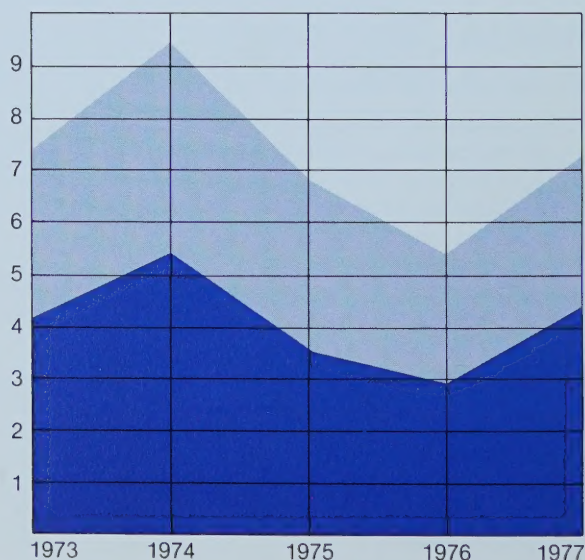
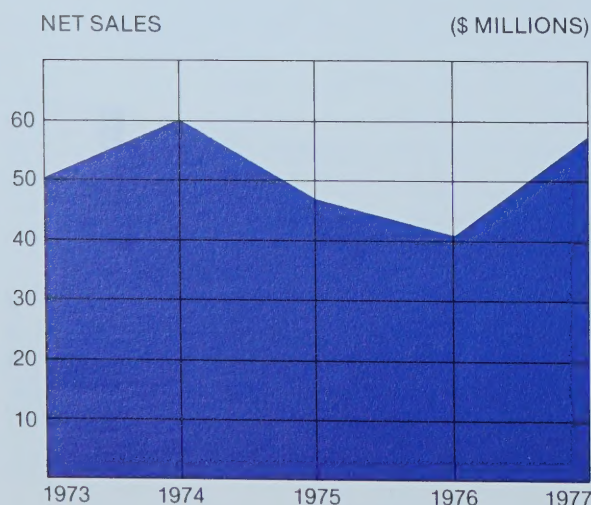
However, during the year component and other costs continued to escalate and with a large order backlog at firm prices we suffered some margin erosion. Cost escalation, aggravated by delays in the issue of price changes due to Government controls has adversely affected earnings in the last three years.

While a significant volume increase was attained over the prior year which included a five month manufacturing shutdown, the current year was also a period of highly competitive selling. We were able to maintain a tight rein over expenses throughout the year.

Financing Operations

Regular monthly interest income from our financing operations continued to have a stabilizing benefit on net earnings. While we were able to increase our notes portfolio, the lease portfolio declined as more customers chose to finance on conditional sales contracts, as against a long term conventional lease. As additional funds have become available they have been gainfully employed in short-term market investments; this somewhat lengthy excess funds cycle has now spanned a period in excess of two years.

■ NET EARNINGS
■ EARNINGS BEFORE TAXES ON INCOME (\$ MILLIONS)



Finance revenue from note contracts was \$1,907,451 in the year compared to \$2,147,927 in 1976. This comparison directly reflects the lower interest rates which were in effect throughout the current year. Other interest earned from various short-term investments was \$528,175 compared to \$440,483 in the prior year. Our investment in installment contracts of \$14,583,474 is an increase of only 3/4% in the year. Conversely the leased equipment portfolio, with only \$93,541 of additional equipment leased, declined to \$847,494 from \$1,292,459.

We are continuing our efforts to expand our finance portfolio. However, competition in this field has had a marked increase with the continued influx into Canada of numerous "near banks". The finance and banking field is undergoing a period of change. Fruehauf's advantage in obtaining finance volume is our ability to provide a complete customer package — the product sale, replacement parts and maintenance, plus a full financing program.

Capital Expenditures, Depreciation and Taxes

Capital expenditures were \$487,349 during 1977 in comparison to \$327,018 in the preceding year. While we have deferred any major undertaking during the Government's controls period, we have continued an ongoing program of ensuring facilities are adequately maintained and improved. The main capital expenditures during the year were for branch service facility improvements.

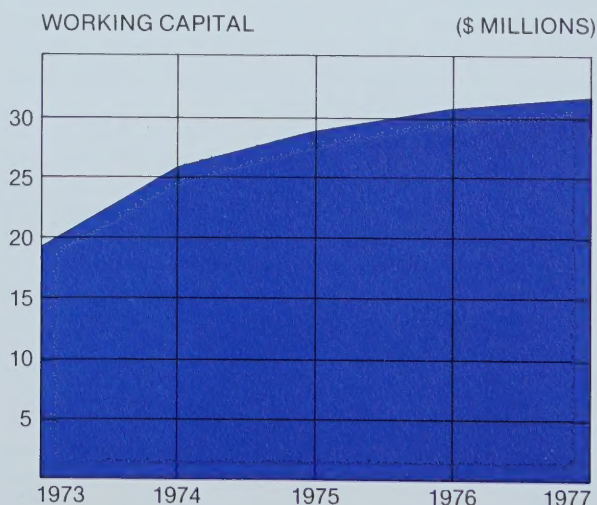
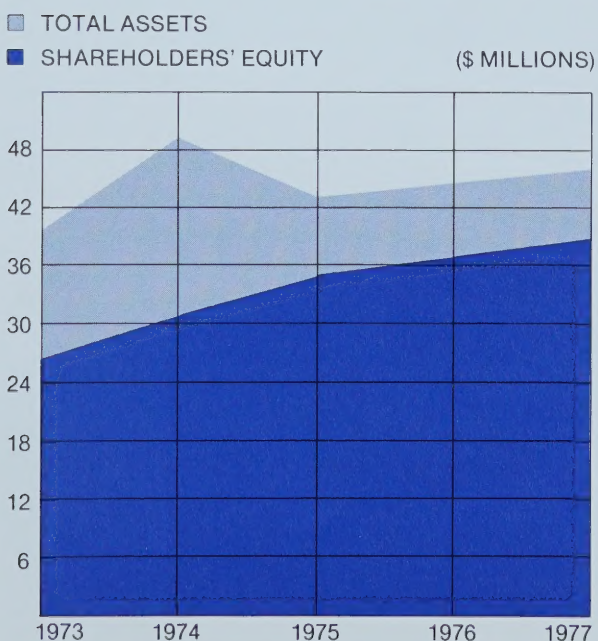
Depreciation of plant and equipment during the year was \$450,868, comparable to the \$454,399 of the previous year. Our practise is to depreciate assets

on a straight line basis over their estimated useful life. Generally we apply ten years to machinery and equipment items, seven years to automotive equipment and forty years to buildings.

Depreciation of equipment leased to customers was \$461,312, down from \$691,128 in 1976. This reduction also reflects the continuing trend away from leasing of equipment. Although we tend to favour the leasing of equipment, as it provides an opportunity for gainful resale of equipment at termination of lease, the customer must select the type of financing package best suited to his own needs.

While we employ depreciation rates for book purposes which approximate the useful lives of equipment, we do claim maximum allowance available for tax purposes. This treatment gives rise to the balance sheet item "deferred taxes on income". This and other tax timing differences enable us to maximize cash for use in the business and also protect earnings of periods when tax deductible expenses may be less than related book expenses. This condition occurred in the current year and "deferred tax" was reduced, thereby avoiding any adverse effect on the current year's tax provision rate.

Tax provision in the current year was at a rate 4.8% lower than the previous year. This lower rate is occasioned by the increase in the manufacturing and processing credit available from a full year of manufacturing operations. Additionally taxes in 1977 benefitted by an income reduction for tax purposes equivalent to 3% of the total value of inventories at the beginning of the year. This reduction is the Federal Government's arrangement to give recognition through taxes to inflation on inventories and the effect on earnings.



Financial Position

Working capital increased \$3,616,577 in the year as a result of the earnings attained. While both inventories and accounts receivable reflect an increase over 1976, they are directly related to the higher level of business in the year. At year end we had approximately \$6 million invested in short term market securities.

The strength of our financial position is demonstrated by the current ratio. Current assets over current liabilities stands at 6.3 to 1, up from the previous year's ratio of 5.1 to 1. We are in the desirable position of being readily able to convert the liquid market securities asset to finance an increase in either revenue producing installment contracts or an expansion of any of our earnings facilities.

Facilities and Products

During the year we completed office renovations at our London and Winnipeg locations and commenced an upgrading of yard and facility at our Montreal branch. In the coming year we will improve and expand the facility in Vancouver. When the Vancouver modifications are finished we will have completed a program of improvements covering all of our sales and service facilities which has been spread over a five year period. We are assured that all our branch facilities are efficient functioning trailer repair centres. At the same time the progressive program we follow has a minimal impact on the working capital of any one year.

We believe that Canada may be on the threshold of a substantial growth period, at least by 1980. With the phase out of the Government's controls program in 1978 there is potential for the economy to begin to realize benefit from the job creation programs and economic incentives now being planned or introduced. If our assessment is correct and definitive assurances are forthcoming, we are in a position to undertake a significant expansion of manufacturing facilities. This substantial undertaking would provide an increased capacity adequate for growth potential in all product lines and would ensure our continued leadership in the commercial trailer field. We continue to be in a strong funds and credit worthiness position to address this undertaking.

A representative group of the commercial trailer models which we manufacture are portrayed throughout this report. A full listing of trailer models produced by our three manufacturing locations is shown on page 15, together with a list of our Canada coast to coast facilities and affiliates.

Fruehauf-Canada is a public company with shares listed on the Toronto Stock Exchange. We are also part of the world-wide organization of Fruehauf Corporation (U.S.). Through this association we enjoy the benefit of their technological development under a long standing royalty agreement.

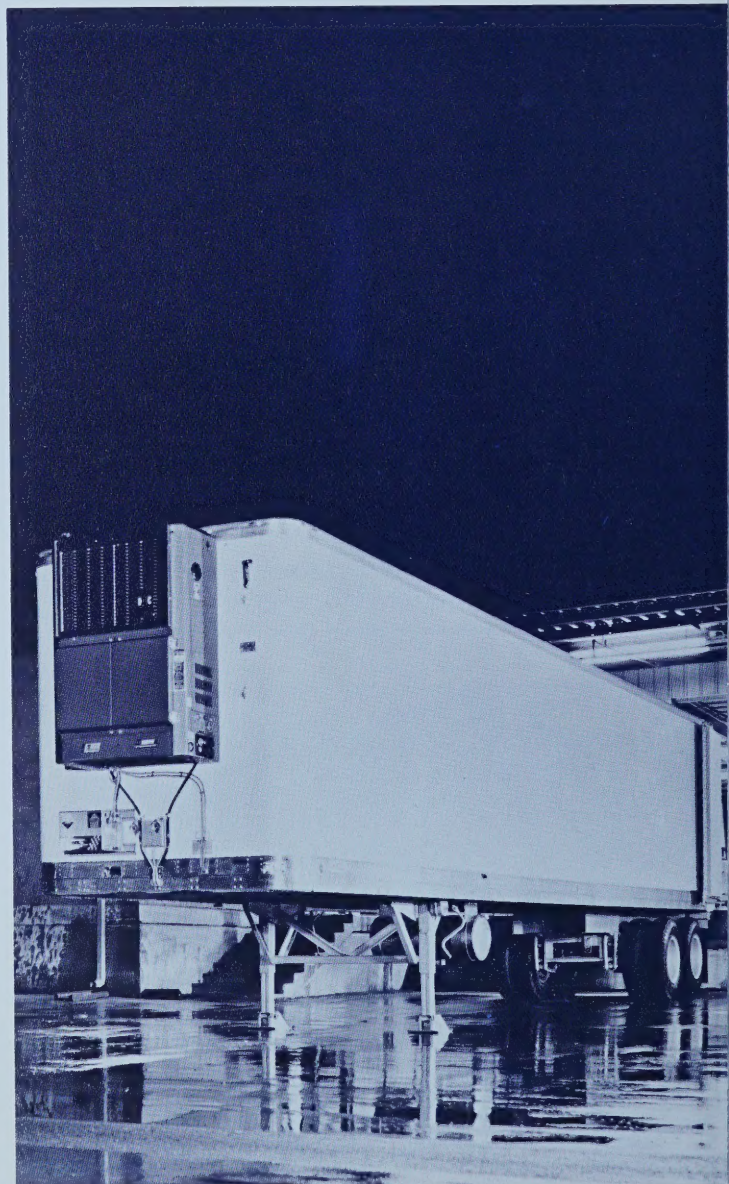
Outlook

The coming year, 1978 is our 50th Anniversary of progress with Canada. We commenced operations under a Canada charter on November 9, 1928 and for almost half of this period we have been a public company. As we complete our first half century we look forward to the second half with great enthusiasm. If 1978



Dry Freight Model "FRP" (fiberglass reinforced plywood sidewall)

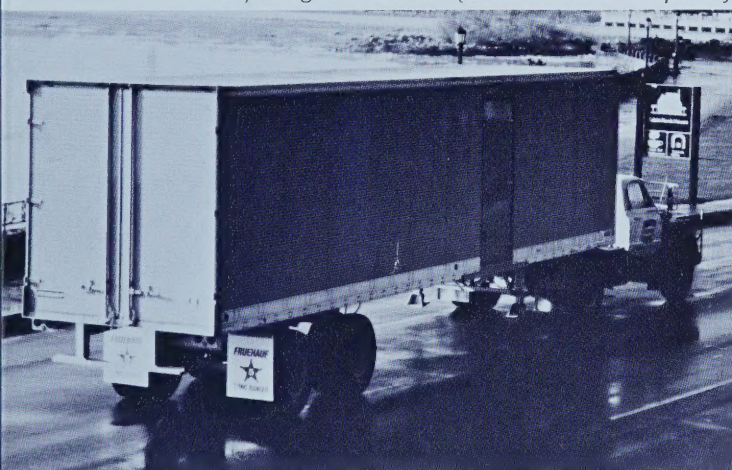
Refrigerated Model "F" (fully foam insulated)





Aluminum Dump Trailer (all aluminum fully welded)

Dry Freight Model "F" (beaded aluminum panel)



Liquid Acid Tank (available in steel, stainless steel or aluminum)



will see the full phase out of Government controls and an elimination of the business uncertainties created by continued tinkering — then business can enter into a period of economic growth. The private sector is capable of exercising a cost control beneficial to overall economic progress. We must insist that the public sector exercise like control — the effectiveness of restrictions in spending at all levels of Government will be the eventual key to inflation control and economic well being.

We are confident in Canada's ability to develop the right climate for growth over the long haul. For Fruehauf-Canada the coming year should surpass the 1977 year based on our opening backlog of orders for production. We will continue to exercise effective cost control programs designed to ensure a sound return on investment.

Your Directors express their appreciation to our employees and to our customers and shareholders for the confidence and loyalty they have shown in our activities and products.

On Behalf of the Board

R.D. Rowan, President

D.A. Grinstead, Vice President

TOUCHE ROSS & CO.

AUDITORS' REPORT

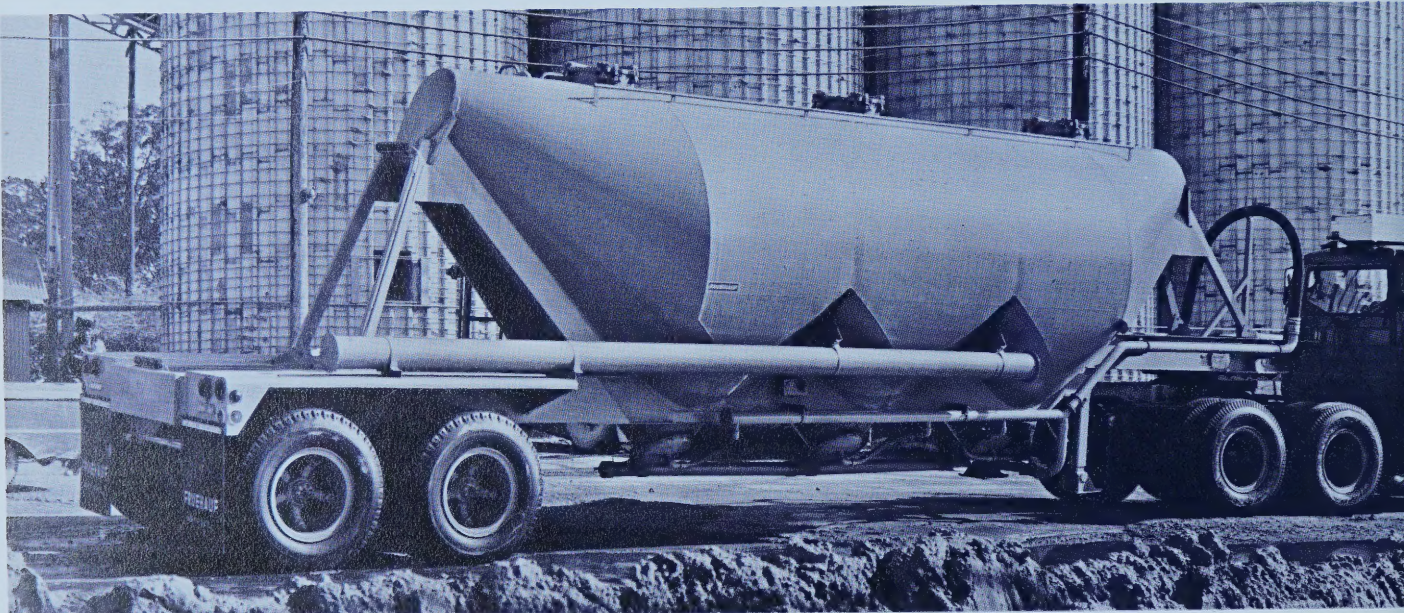
The Shareholders,
Fruehauf Trailer Company
of Canada Limited.

We have examined the balance sheet of Fruehauf Trailer Company of Canada Limited as at December 31, 1977 and the statements of net earnings, earnings retained for use in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

Toronto, Ontario,
February 3, 1978.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.
Chartered Accountants.



Dry Flowable Bulk Tank (multiple product pressure discharge)



Bottom Hopper Dump Train (60 ton payload combination)

STATEMENT OF NET EARNINGS

YEARS ENDED DECEMBER 31, 1977
AND DECEMBER 31, 1976

	<u>1977</u>	<u>1976</u>
REVENUES		
Net sales	\$58,657,252	\$40,872,708
Finance and other interest	<u>2,435,626</u>	<u>2,588,410</u>
	<u>61,092,878</u>	<u>43,461,118</u>
COSTS AND EXPENSES		
Cost of products and service sold, other than items below	48,823,328	32,959,679
Selling and administrative expenses	3,716,877	3,114,987
Depreciation	912,180	1,145,527
Taxes other than taxes on income	866,643	710,727
Interest	<u>—</u>	<u>42,163</u>
	<u>54,319,028</u>	<u>37,973,083</u>
EARNINGS BEFORE TAXES ON INCOME AND EXTRAORDINARY ITEM	<u>6,773,850</u>	<u>5,488,035</u>
Taxes on income		
Current	2,804,750	2,915,500
Deferred (credit*)	<u>43,400*</u>	<u>420,500*</u>
	<u>2,761,350</u>	<u>2,495,000</u>
EARNINGS BEFORE EXTRAORDINARY ITEM	4,012,500	2,993,035
Extraordinary item		
Gain on land expropriation, net of \$4,650 taxes	<u>407,051</u>	<u>—</u>
NET EARNINGS FOR THE YEAR	<u>\$ 4,419,551</u>	<u>\$ 2,993,035</u>
 Earnings per share		
Earnings before extraordinary item	<u>\$1.48</u>	<u>\$1.11</u>
Net earnings for the year	<u>\$1.63</u>	<u>\$1.11</u>

BALANCE SHEETS

FRUEHAUF TRAILER COMPANY OF CANADA LIMITED

(Incorporated under the Canada Corporations Act)

ASSETS

	<u>December 31, 1977</u>	<u>December 31, 1976</u>
CURRENT ASSETS		
Cash and short-term notes	\$ 6,446,664	\$ 7,806,938
Trade receivables		
Installment contracts (Note 1)	14,583,474	14,472,937
Accounts receivable	8,160,886	5,223,638
	22,744,360	19,696,575
 Inventories (Note 2)	12,005,737	11,114,841
Prepaid expenses	56,634	84,074
 TOTAL CURRENT ASSETS	41,253,395	38,702,428
 EQUIPMENT LEASED TO CUSTOMERS (Note 3)	847,494	1,292,459
 PROPERTY, PLANT AND EQUIPMENT		
Land	420,579	469,822
Buildings and equipment	4,982,630	4,701,540
Machinery and other equipment	4,417,566	4,295,995
	9,820,775	9,467,357
Less accumulated depreciation	5,347,173	4,965,939
	4,473,602	4,501,418
 On behalf of the Board		
W.T. McDougall, Director		
R.D. Rowan, Director		
 TOTAL ASSETS	\$46,574,491	\$44,496,305

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	<u>December 31, 1977</u>	<u>December 31, 1976</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,604,690	\$ 3,562,288
Taxes on income (including deferred of \$1,717,300 in 1977 and \$1,634,900 in 1976)	1,931,054	2,183,033
Due to affiliated companies	<u>992,618</u>	<u>1,848,651</u>
 TOTAL CURRENT LIABILITIES	 <u>6,528,362</u>	 <u>7,593,972</u>
 OTHER LIABILITIES		
Deferred taxes on income	<u>580,400</u>	<u>706,200</u>
 SHAREHOLDERS' INVESTMENT (Note 4)		
Capital stock		
Authorized 6,000,000 shares		
Issued and outstanding 2,705,775 shares	5,149,063	5,149,063
Earnings retained for use in the business	<u>34,316,666</u>	<u>31,047,070</u>
	39,465,729	36,196,133
 COMMITMENTS AND CONTINGENT LIABILITIES		
(Notes 5 and 6)		
 TOTAL LIABILITIES AND SHAREHOLDERS' INVESTMENT	 <u><u>\$46,574,491</u></u>	 <u><u>\$44,496,305</u></u>

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

YEARS ENDED DECEMBER 31, 1977
AND DECEMBER 31, 1976

	<u>1977</u>	<u>1976</u>
Balance at beginning of year	\$31,047,070	\$29,136,345
Net earnings for the year	<u>4,419,551</u>	<u>2,993,035</u>
	35,466,621	32,129,380
Cash dividends	<u>1,149,955</u>	<u>1,082,310</u>
Balance at end of year	<u>\$34,316,666</u>	<u>\$31,047,070</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 1977
AND DECEMBER 31, 1976

	<u>1977</u>	<u>1976</u>
SOURCE OF WORKING CAPITAL		
OPERATIONS		
Earnings before extraordinary item	\$ 4,012,500	\$ 2,993,035
Depreciation of equipment leased to customers	461,312	691,128
Depreciation of plant and equipment	450,868	454,399
(Decrease*) in deferred taxes on income	<u>125,800*</u>	<u>172,300*</u>
TOTAL FROM OPERATIONS	4,798,880	3,966,262
OTHER		
Extraordinary item, proceeds	458,789	—
Retirement of equipment leased to customers	77,194	347,484
Disposal of plant and equipment, at net book value	<u>12,559</u>	<u>562</u>
	5,347,422	4,314,308
APPLICATION OF WORKING CAPITAL		
Cash dividends	1,149,955	1,082,310
Additions to equipment leased to customers	93,541	91,446
Additions to property, plant and equipment	<u>487,349</u>	<u>327,018</u>
	1,730,845	1,500,774
NET INCREASE IN WORKING CAPITAL FOR YEAR	3,616,577	2,813,534
WORKING CAPITAL AT BEGINNING OF YEAR	<u>31,108,456</u>	<u>28,294,922</u>
WORKING CAPITAL AT END OF YEAR	<u>\$34,725,033</u>	<u>\$31,108,456</u>

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1977

SUMMARY OF ACCOUNTING PRINCIPLES

INVENTORIES

Inventory amounts are based upon physical determinations during the year and have been stated at the lower of cost or market prices. Cost prices are determined by the first-in, first-out method, and market prices represent the lower of replacement cost or estimated net realizable amount.

EQUIPMENT LEASED TO CUSTOMERS

Lease rental payments are recognized as income over the period of the lease and the equipment is depreciated on a straight-line basis to a projected lease terminal value.

PROPERTY, PLANT AND EQUIPMENT

The Company records property, plant and equipment at cost. Depreciation is provided on a straight-line basis over the life expectancy of the asset. The estimated useful life of each major class of assets is as follows:

Buildings and equipment — 25-40 years

Machinery and other equipment — 5-10 years

Maintenance and repairs are charged against earnings as incurred.

TAXES ON INCOME

The financial statements include an appropriate provision for taxes on income irrespective of when such taxes are payable. Profit from sales financed by installment contracts is recognized for financial reporting purposes in the year of sale; such profit is recognized for tax purposes as payments are received under the contracts. Since the installment contracts which give rise to the tax differences are current assets, the related deferred tax is shown as a current liability, although it may not be payable within one year. Non-current deferred income taxes result from the Company having claimed depreciation for tax purposes in excess of that charged to income in the financial statements.

PENSIONS

The Company has noncontributory pension plans covering substantially all employees. Current service costs of pension benefits are accrued and funded on a current basis. Past service costs are amortized and funded over periods not exceeding fifteen years.

EARNINGS PER SHARE

Earnings per share are calculated on the basis of the average number of shares outstanding during the year.

NOTE 1 — INSTALLMENT CONTRACTS

Installment contracts at December 31 are stated after deduction of deferred finance charges of \$2,799,293 for 1977 and \$3,176,430 for 1976, and include installments due after one year of approximately \$10,762,000 for 1977 and \$11,008,000 for 1976.

NOTE 2 — INVENTORIES

	December 31, 1977	December 31, 1976
New trailers	\$ 2,546,971	\$ 1,098,584
Production parts, work in process and raw materials	4,846,533	5,762,913
Service parts and orders in process	3,131,352	2,985,856
Used trailers	1,480,881	1,267,488
	<u>\$12,005,737</u>	<u>\$11,114,841</u>

NOTE 3 — EQUIPMENT LEASED TO CUSTOMERS

Equipment leased to customers at December 31 is stated at cost less accumulated depreciation of \$1,811,323 for 1977 and \$2,186,267 for 1976.

NOTE 4 — ANTI-INFLATION LEGISLATION

The Company is subject to the Federal Government Anti-Inflation Legislation which became effective October 14, 1975. This legislation imposes certain controls over prices, profits and compensation payments and restricts dividend payments. In management's opinion, compensation guidelines have been complied with and no excess revenue exists under the prices and profits guidelines. During the year ending October 13, 1978 the payment of dividends is restricted to a maximum of \$1,347,209.

NOTE 5 — LONG-TERM LEASES

The Company is lessee under long-term leases for sales and service branches requiring rental payments of approximately \$137,000 per annum. The Company has the right to purchase three of these properties and if these rights were exercised at December 31, 1977 the aggregate purchase price would approximate \$208,000.

NOTE 6 — PENSIONS

Based on actuarial valuations and estimates, unfunded service costs of pension plans at December 31 amount to approximately \$852,000 for 1977, \$898,000 for 1976. Unfunded vested benefits at December 31 approximate \$603,000 for 1977, \$581,000 for 1976. Total pension expense was \$359,000 in 1977 and \$225,486 in 1976.

NOTE 7 — DIRECTORS AND OFFICERS

Aggregate remuneration of the seven directors, as directors, amounted to \$1,200 in 1977 and 1976 and for the six officers amounted to \$155,000 and \$149,000 respectively. Four officers are also directors.

STATISTICAL SUMMARY OF OPERATIONS

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>
INCOME DATA				
Sales	\$58,657,252	\$40,872,708	\$47,161,334	\$60,073,980
Finance and Other Interest	2,435,626	2,588,410	2,320,268	2,049,814
Cost of Products and Service Sold	48,823,328	32,959,679	36,833,238	46,237,615
Per cent to Sales	83.2	80.6	78.1	76.9
Selling and Administrative Expenses	\$ 3,716,877	\$ 3,114,987	\$ 3,186,703	\$ 3,327,728
Per cent to Sales	6.3	7.6	6.8	5.5
Depreciation				
Equipment Leased to Customers	\$ 461,312	\$ 691,128	\$ 999,485	\$ 1,164,293
Plant and Equipment	450,868	454,399	434,194	481,757
Earnings before Taxes on Income*	7,185,551*	5,488,035	6,866,271	9,539,837
Per cent to Sales	12.3	13.4	14.6	15.9
Net Earnings*	\$ 4,419,551*	\$ 2,993,035	\$ 3,674,271	\$ 5,388,837
Per cent to Sales	7.5	7.3	7.8	9.0
Per Share Outstanding	\$ 1.63	\$ 1.11	\$ 1.36	\$ 1.99

* Includes Extraordinary gain 1977

CAPITAL INVESTMENT IN YEAR

Equipment Leased to Customers	\$ 93,541	\$ 91,446	\$ 226,910	\$ 404,096
Property, Plant and Equipment	487,349	327,018	310,015	424,063

FINANCIAL POSITION YEAR-END

Total Assets	\$46,574,491	\$44,496,305	\$43,168,288	\$49,429,223
Working Capital	34,725,033	31,108,456	28,294,922	25,054,640
Current Ratio	6.3 to 1	5.1 to 1	4.5 to 1	2.5 to 1
Installment Contracts Receivable	\$14,583,474	\$14,472,937	\$17,656,167	\$17,545,115
Equipment Leased to Customers — Net	847,494	1,292,459	2,239,625	3,417,789
Property, Plant and Equipment — Net	4,473,602	4,501,418	4,629,361	4,766,718
Shareholders' Equity	39,465,729	36,196,133	34,285,408	30,707,047
Book Value per Share	14.59	13.38	12.67	11.35

EMPLOYMENT

Number of Employees at Year-end	779	792	635	966
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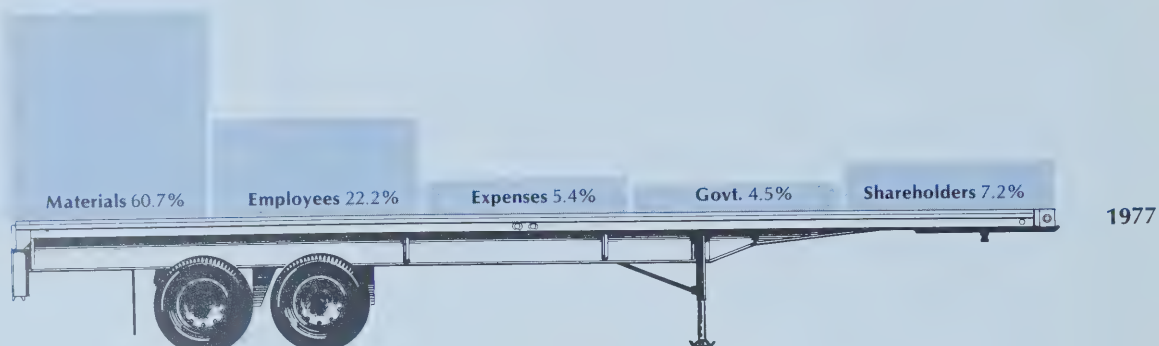
SHAREHOLDERS

Number of Shareholders	428	425	406	417
Dividend per Share**	\$.42½	\$.40	\$.40	\$.40

** Incls 20 interim 1972

<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>
\$51,031,753	\$40,609,738	\$31,789,041	\$25,643,625	\$28,967,895	\$21,367,992
1,464,868	1,684,879	1,732,102	1,700,034	1,457,509	1,105,839
39,338,356	30,896,381	23,963,131	19,319,712	21,734,756	16,652,542
77.0	76.1	75.3	75.3	75.0	77.9
\$ 2,882,982	\$ 2,328,839	\$ 2,217,022	\$ 1,954,724	\$ 2,072,844	\$ 1,764,335
5.6	5.7	7.1	7.6	7.2	8.2
\$ 1,323,637	\$ 1,115,512	\$ 1,134,202	\$ 1,126,380	\$ 977,428	\$ 759,930
382,910	346,739	374,414	349,711	332,633	343,490
7,687,493	6,946,136	5,145,776	3,682,607	4,485,393	2,280,782
15.1	17.1	16.2	14.4	15.5	10.7
\$ 4,260,493	\$ 3,597,136	\$ 2,501,776	\$ 1,709,607	\$ 2,129,393	\$ 1,081,782
8.3	8.9	7.9	6.7	7.4	5.1
\$ 1.57	\$ 1.33	\$.92	\$.63	\$.79	\$.40
\$ 2,490,012	\$ 1,532,537	\$ 1,537,623	\$ 1,779,590	\$ 1,539,963	\$ 1,450,251
1,121,288	718,624	241,156	194,956	384,599	460,929
\$41,022,816	\$35,063,723	\$30,784,211	\$30,582,683	\$32,168,250	\$26,926,953
19,713,525	18,625,830	17,339,313	14,971,346	13,650,970	12,279,152
2.7 to 1	3.1 to 1	3.7 to 1	2.8 to 1	2.2 to 1	2.5 to 1
\$14,404,473	\$13,001,551	\$13,025,951	\$14,423,000	\$14,102,500	\$11,967,900
4,694,717	3,696,762	3,410,368	3,588,896	2,989,117	2,496,318
4,829,978	4,097,745	3,728,400	3,869,507	4,034,112	4,079,448
26,400,520	23,222,337	21,068,281	18,626,449	16,976,786	14,907,337
9.75	8.58	7.79	6.88	6.27	5.51
1145	1001	841	653	826	792
394	331	296	327	349	371
\$.40	\$.53**	\$.25	\$.25	\$.25	\$.25

REVENUE DISTRIBUTION*



Materials Employees Expenses Govt. Shareholders

Materials

Raw materials, component parts, accessories and trade-in units for resale

Employees

Wages, salaries and benefits

Expenses

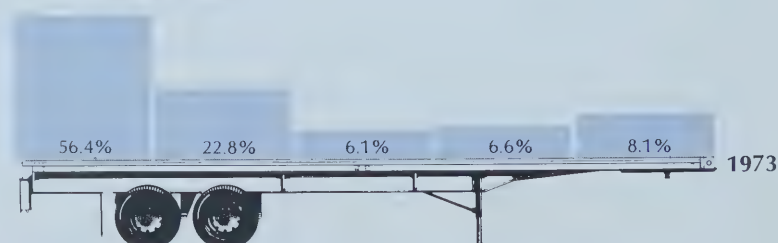
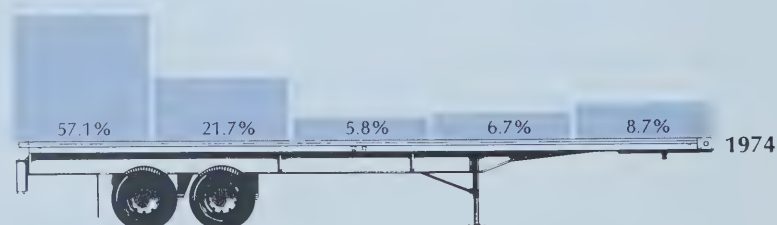
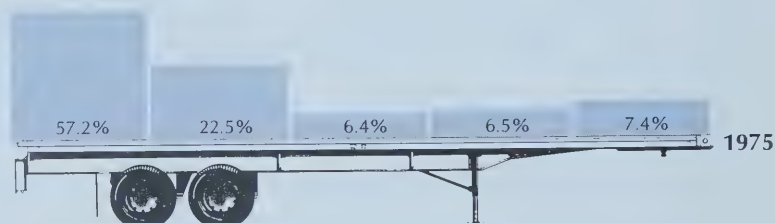
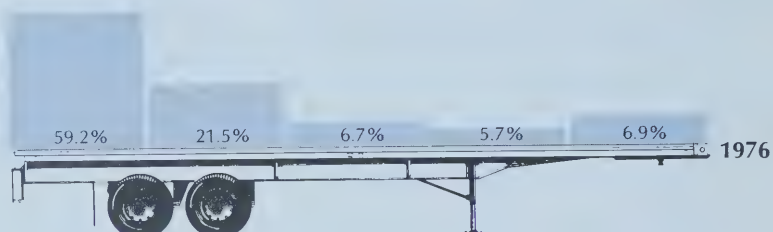
Operating and general expenses including depreciation and interest expense

Government

Federal and provincial taxes on income

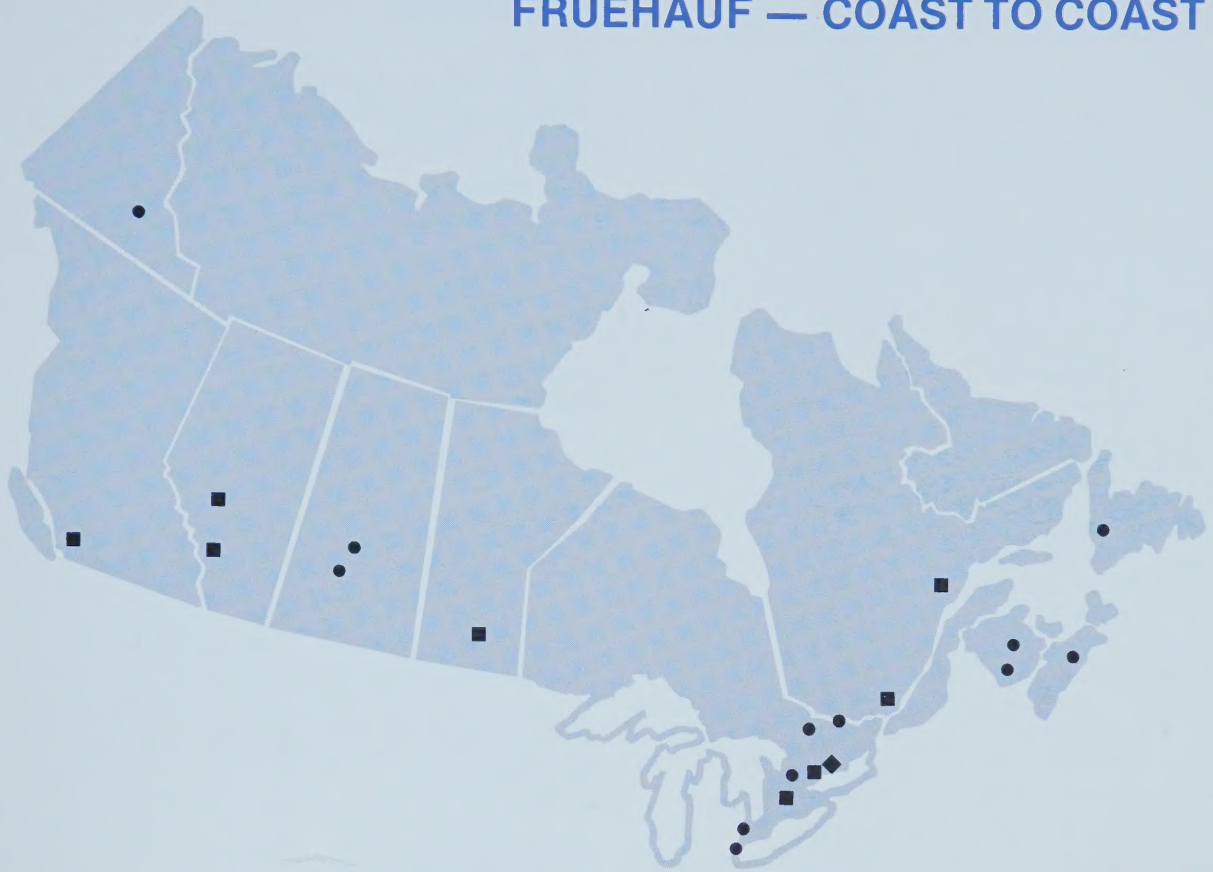
Shareholders

Net earnings after taxes available for dividends and reinvestment for future growth



*Revenues include sales plus finance and other interest earned in each of the periods

FRUEHAUF — COAST TO COAST



◆ Head Office

2450 Stanfield Road,
Mississauga, Ontario

■ Sales and Service

Quebec
Montreal
Toronto
London
Winnipeg
Calgary
Edmonton
Vancouver

● Distributors and Dealers

Pasadena
Dartmouth
Saint John
Fredericton
Ottawa
North Bay
Kitchener
Sarnia
Windsor
Prince Albert
Saskatoon
Whitehorse

Products Manufactured

Vans
Dry Freight — Smooth
and Beaded Panels
Insulated-Refrigerated
City Delivery
Furniture
Livestock
Grain Haul
FRP Type
Wedge Type
Platforms
Stake and Rack
Dumps
Container Chassis
Dollies
Truck Bodies
Tanks — Steel, Aluminum and
Stainless Steel
Liquid Products:
Petroleum
Hot Material
Chemical
Food Products
Dry Flowable Bulk Products:
Cement
Food Products
Aggregates
Construction
Carryalls — 15 to 100 ton
Oilfield Floats
Tilt Decks

DIRECTORS

R.D. Rowan
President of the Company and President and
Chief Executive Officer, Fruehauf Corporation,
Detroit, Michigan

D.A. Grinstead
Vice President of the Company, Toronto, Ontario

W.T. McDougall
Vice-President - Finance of the Company,
Toronto, Ontario

T.N. Combs
Secretary of the Company and Vice President,
General Counsel and Secretary, Fruehauf
Corporation, Detroit, Michigan

W.E. Grace
Chairman of the Board
Fruehauf Corporation, Detroit, Michigan

T.J. Reghanti
Vice President and General Manager, Fruehauf
Division, Fruehauf Corporation, Detroit, Michigan

R.J. Telford
Retired: former Vice President of the Company,
Toronto, Ontario

OFFICERS

R.D. Rowan, President

D.A. Grinstead, Vice President

W.T. McDougall, Vice President - Finance

T.N. Combs, Secretary

B.A. West, Controller

A. Purdon, Assistant Secretary

TRANSFER AGENT AND REGISTRAR

National Trust Company Limited
Toronto and Montreal

SOLICITORS

Borden & Elliot
Toronto, Ontario

AUDITORS

Touche Ross & Co.
Toronto, Ontario

